86th ANNUAL REPORT MONTREAL TRUST 1975

HIGHLIGHTS

	1975	1974
REVENUE	$ 46,292,000	$ 39,314,000
NET OPERATING INCOME	$ 4,257,000	$ 2,464,000
PER SHARE	$1.65	$ .96
NET INCOME	$ 4,445,000	$ 2,727,000
PER SHARE	$1.72	$1.06
DIVIDENDS DECLARED	$ .70	$ .80
ASSETS	$767,717,000	$696,286,000
SHAREHOLDERS' EQUITY	$ 41,982,000	$ 39,341,000

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Si vous préférez recevoir ce rapport
en français, veuillez vous adresser
au secrétaire, Montréal Trust,
1, place Ville-Marie,
Montréal, Québec H3B 4A8

Montreal Trust
1 Place Ville Marie
Montreal, Quebec H3B 4A8

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Investment Securities Division
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IU International Corporation
Edmonton

*Executive Committee Member

†Audit Committee Member

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Chairman of the Board and President

Matthew S. Hannon, Q.C.
Chairman of the Executive Committee

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Senior Vice-President, Special Projects

Harold T. Martin
Vice-President, Branch Operations

Douglas T. Waite
Vice-President, Client Services

J. Gordon Telfer, C.A.
Vice-President, Finance

John H. Baker
Vice-President, Mortgage Loans
and Real Estate

Norman Cunningham
Vice-President, Investments

J. Frank Luce
Vice-President, Personnel

J. Grant Paterson
Vice-President, Mortgages

W. Kenneth Proctor
Vice-President, Administration

J. Kevin Reynolds
Company Secretary

William J. Owen
Comptroller

John J. Davidson
Assistant Vice-President, Administration

William J. Henderson
Assistant Vice-President
Pension and Fund Services

Robert J. Labelle
Assistant Vice-President, Mortgages

Douglas B. Macklaier
Assistant Vice-President, Corporate Services

G. Douglas Peaker
Assistant Vice-President, Real Estate

Anthony G. Best
Director, Marketing Services

James P. Moore
Director, Personal Trust Services

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R. Ross Pritchard
Vice-President, Atlantic Region—Halifax

Jean Luc Dutil
Vice-President, Quebec Region — Montreal

Brian R. O'Malley
Vice-President, Ontario Region — Toronto

Gordon C. McDonell
Vice-President, Mid-West Region — Winnipeg

George Stephen
Vice-President, Western Region — Vancouver

Ronald Bond
Assistant Vice-President — Toronto

Donald R. Kester
Vice-President, Nassau, Bahamas
(Seconded to Trust Corporation
of Bahamas Limited)

DIRECTORS' REPORT TO SHAREHOLDERS

The Board of Directors is pleased to submit the Company's 86th Annual Report, together with the Consolidated Financial Statements for 1975.

The year was one of recovery. Net operating income for the year was $4,257,000 compared with $2,464,000 in 1974. Net operating income per share of $1.65 is well above the 96¢ of last year and is comparable with the $1.64 of 1973. Profit on sale of assets was $188,000 or 7¢ per share, compared with $263,000 or 10¢ per share in 1974. Accordingly, net income per share amounted to $1.72 against $1.06 for the prior year.

Revenue and Expense

Revenue for the year increased $6,978,000 with guaranteed trust accounts providing $4,169,000. Fee and commission revenue from trust and agency services increased by $1,390,000 and real estate commissions by $1,259,000. An increase of $160,000 in interest, dividends and other income was mainly attributable to dividend sources.

Expense increased by $3,768,000, with salaries accounting for $1,503,000 and real estate commissions paid accounting for $648,000. The balance of $1,617,000 represents all other categories of expense.

Guaranteed Trust Accounts

In last year's report, the outlook for 1975 noted an expectation of lower short-term interest rates in the first half of the year. This, in fact, proved to be the case and a sharp drop in rates occurred during the first quarter, followed by a levelling out in the second. In the third quarter, a renewed upward trend in these rates was evidenced; and this situation persisted through year-end, aggravated by distortions in the monetary system arising from the lengthy postal strike.

Earnings from guaranteed trust accounts continue to be influenced by the absolute level of short-term interest rates, although with a lag effect as the impact of rate changes works its way through the system. As a result of this sequence, interest earned during the first quarter of 1975 provided a comparatively low margin of profit after payment of the high interest costs of deposits taken at the peak of the interest rate cycle in 1974. This situation shifted markedly in the second quarter when the full impact of lower rates took effect. While some slippage was evident in the third quarter of the year, an improvement was again seen in the final quarter with year-end rates slightly below those at the commencement of the year.

The level of final quarter earnings from these accounts was favourably influenced by new business booked during the year at more appropriate interest spreads.

Balance Sheet

In 1975 our total assets grew by $71,431,000 to $767,717,000.

Assets held for guaranteed trust accounts include shares in taxable Canadian companies as their dividends are now deductible from income in determining the Company's income tax. Presently, purchases are being limited to preferred shares where there is a redemption option by the holder or a mandatory sinking fund. The accounts also hold part ownership

DIRECTORS' REPORT TO SHAREHOLDERS
(continued)

of two aircraft under lease to Air Canada. New mortgages less repayments increased the mortgage portfolio by $48,668,000. For several years we have emphasized our growth in 5-year mortgages funded by 5-year guaranteed investment certificates. At December 31, 1975, 5-year mortgages amounted to $352,321,000 and certificates issued for a term of 5-years totalled $327,510,000.

The increase in investments in and advances to associated companies represents an additional investment in preferred shares of RoyNat Limited. This company increased its capital during the year and we maintained our 13.5% participation.

While growth in guaranteed trust accounts in 1975 was greater than that provided by additions to retained earnings, our present capital is sufficient for our immediate growth requirements. As noted below, we expect that increased deposit-taking powers may be obtained in 1976.

At year end, shareholders' equity was $16.29 per share compared with $15.27 the year before.

By-laws

The draft bill for a revised Quebec Trust Companies Act and the present Ontario Loan and Trust Corporations Act each authorize a trust company meeting certain standards to apply for authority to accept monies as deposits and for guaranteed investment in a total amount exceeding 20 times the excess of the company's assets over its liabilities.

In consequence, on February 2, 1976 the Directors enacted special by-laws authorizing the Company to apply for authority to accept such monies in a total amount not to exceed 25 times the excess of the Company's assets over its liabilities. Shareholders will be asked to confirm these by-laws at the special meeting of shareholders to be held with the Annual General Meeting on April 1, 1976.

Dividends

In last year's report we referred to the decision of the Directors to reduce the regular quarterly dividend rate from 20 to 15 cents in order to assure the retention of a suitable portion of earnings to expand future growth. By December 1975, demonstrably improved earnings warranted a review of the dividend policy and in consequence an extra dividend of 10 cents was declared payable December 31. Total dividends paid for the year were 70 cents per share.

Directors

In 1975, Arthur J. E. Child of Calgary and James R. Drumwright of New York City were appointed directors. Mr. Child is President and Chief Executive Officer of Burns Foods Limited and Mr. Drumwright is Senior Vice-President of Bank of America.

On February 2, 1976, Arthur Pascal, C.M., of Montreal was appointed to the Board. Mr. Pascal is Executive Vice-President of The J. Pascal Hardware Co. Limited.

During the course of the year, three directors retired from the Board for varying personal reasons: J. G. Haxton, who elected early retirement from the Company and is now resident in the south of France, Pierre Maurer to join the

DIRECTORS' REPORT TO SHAREHOLDERS
(continued)

board of a Canadian chartered bank, and Alvin C. Rice to reside in London, England, where he is senior officer for the Bank of America with responsibility for that Bank's operations in the United Kingdom, Europe, Africa and the Middle East.

Dennis K. Yorath and Sam Steinberg, having reached the age limit set in the Company's by-laws, and M. L. Goeglein, who has established residence in the State of Maryland consequent upon his appointment as chief executive officer of an American financial corporation, will not stand for re-election at the Annual Meeting. All of these gentlemen have served the Company well, and we are grateful for the important contributions each has made to the conduct of our affairs.

It is appropriate that we single out Mr. Yorath and Mr. Steinberg for special mention, for they have been directors of the Company since 1958 and 1963 respectively, and as senior members of the Board have for many years provided invaluable advice and counsel.

Advisory Boards

Clarence Lowe of the Winnipeg Board and Hugh A. Reynolds of the Brockville Board reached the mandatory retirement age and have retired from their respective Boards. We thank them for their support and assistance over the years.

During the year, Frank E. Case, former Chairman of the Company's Board, joined the Brockville Advisory Board and Douglas A. Mercer joined the Halifax Advisory Board following his recent retirement as Regional Vice-President for the Atlantic Region. James A. MacMurray has joined our Saint John, New Brunswick, Advisory Board.

Personnel

During the course of the year several senior executive appointments were made.

At Head Office, Douglas T. Waite was appointed Vice-President, Client Services; John H. Baker, Vice-President, Mortgages and Real Estate; W. Kenneth Proctor, Vice-President, Administration; J. Gordon Telfer, Vice-President, Finance; William J. Owen, Comptroller and William J. Henderson, Assistant Vice-President, Pension and Fund Services.

Two new Regional Vice-Presidents were appointed: Brian R. O'Malley, Vice-President — Ontario Region and R. Ross Pritchard, Vice-President — Atlantic Region.

In consequence of these appointments, a number of changes were made in management of the branch system; these are detailed in the Commentary Section of this Report.

Outlook

The public mood is more hopeful today, conditioned by economic data and forecasts which express levels of optimism higher than have been seen for over a year. This measure of rising confidence is, however, partially neutralized by apprehension arising from the controls system

DIRECTORS' REPORT TO SHAREHOLDERS
(continued)

under which we are now living and a widely held concern that the disciplines required to make the controls program work may not be applied uniformly and equitably. Many still express doubt that controls have any practical merit and should this expression gain strength through administrative flaws in the program, the cynical view could result in a self-fulfilling prophecy a year from now.

In common with the business community generally, we accept the controls system as a necessary response to the immediate situation. With a full time staff of some sixteen hundred engaged from coast to coast and thus specifically designated as subject to the program, Montreal Trust recognizes the responsibilities placed on it and has undertaken to work within the system and to support it to the fullest. We are assuming that this spirit will similarly be adopted by government, the sponsor, and labour, an ultimate beneficiary. Our corporate planning has been formulated accordingly.

Over the short run we believe that the contribution of controls in ratcheting down inflation will be nominal but we also believe that normal cyclical productivity improvements in an expanding economy will help to achieve the desired ends. Our expectation is that Canadian inflation can be moderated only to around 8% in 1976. It is therefore with respect to 1977 and beyond that we express optimism for the efficacy of the program.

In previous statements we have said that business requires a clear policy framework if it is to develop long range programs of investment and employment. Despite some rather disturbing pronouncements by highly placed national figures, we are encouraged that the harmonizing of restrained official policy with the cyclical lift of the world economy taking shape can result in a Canadian recovery back to trend line growth which, given the appropriate tuning, could be durable.

The picture emerging from this perhaps somewhat hopeful litany of events is that of a business environment which fosters renewed confidence in the ownership of financial assets. Our business touches upon almost every area of government and commerce in Canada, as it does with the numerous providers and users of capital. We enter the year optimistic that stability and resulting confidence will make it possible for our various divisions dealing with business and the general public to achieve and better the rigorous service and production objectives set for them.

We express our thanks and appreciation to our management and staff throughout the country for their splendid efforts during the year.

All shareholders are encouraged to attend the Company's Annual Meeting which will be held on April 1, 1976 at the Chateau Champlain Hotel, Montreal.

On behalf of the Board:

Paul Britton Paine
Chairman of the Board
and President

Montreal, Quebec,
February 2, 1976

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1975

	1975	1974
REVENUE		
Fees and commissions	$23,803,000	$22,413,000
Real estate commissions	11,183,000	9,924,000
	34,986,000	32,337,000
Guaranteed Trust Accounts		
Interest earned		
Mortgages	41,417,000	36,701,000
Other investments	16,980,000	16,856,000
	58,397,000	53,557,000
Less interest paid	52,574,000	51,903,000
	5,823,000	1,654,000
Interest, dividends and other	5,483,000	5,323,000
	46,292,000	39,314,000
EXPENSE		
Salaries	16,061,000	14,558,000
Real estate commissions	7,145,000	6,497,000
Other expense (2)	15,646,000	14,029,000
	38,852,000	35,084,000
Income before income taxes	7,440,000	4,230,000
Income taxes including deferred taxes of $1,831,000 (1974 — $635,000)	3,183,000	1,766,000
NET OPERATING INCOME	4,257,000	2,464,000
Profit on sale of investments and disposal of building, net of income taxes	188,000	263,000
NET INCOME	$ 4,445,000	$ 2,727,000
EARNINGS PER SHARE		
Net operating income	$1.65	$0.96
Net income	$1.72	$1.06

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1975

ASSETS	1975	1974
ASSETS HELD FOR GUARANTEED TRUST ACCOUNTS		
Cash and bank deposit receipts	$ 52,944,000	$ 68,162,000
Loans, secured	14,860,000	9,668,000
Securities		
Marketable (3)	120,262,000	93,007,000
Not readily marketable	30,817,000	31,540,000
Mortgages	486,954,000	438,286,000
Mortgages for sale under agreement	5,084,000	4,498,000
Properties acquired by mortgage foreclosure	208,000	290,000
	711,129,000	645,451,000
COMPANY ASSETS		
Cash and bank deposit receipts	5,697,000	3,353,000
Loans, secured	1,300,000	1,050,000
Accounts receivable and advances to clients	8,303,000	7,777,000
Marketable securities (3)	13,028,000	12,307,000
Mortgages	4,630,000	4,964,000
Real estate held for investment	1,549,000	1,610,000
Investments in and advances to associated companies	5,555,000	4,067,000
Office premises, equipment and leasehold improvements (4)	14,062,000	13,494,000
Other assets	2,464,000	2,213,000
	56,588,000	50,835,000
	$767,717,000	$696,286,000

On behalf of the Board:

Paul Britton Paine, Q.C., Director

Matthew S. Hannon, Q.C., Director

LIABILITIES AND SHAREHOLDERS' EQUITY

	1975	1974
GUARANTEED TRUST ACCOUNTS		
Deposits	$201,509,000	$158,639,000
Investment certificates	509,620,000	486,812,000
	711,129,000	645,451,000
COMPANY LIABILITIES		
Accounts payable and prepaid fees	1,306,000	1,136,000
Income taxes		
Current	1,286,000	—
Deferred	3,639,000	1,808,000
Long-term debt of a subsidiary (4)	8,375,000	8,550,000
	14,606,000	11,494,000
SHAREHOLDERS' EQUITY		
Capital stock:		
Authorized — 5,000,000 shares of $1 par value		
Issued — 2,576,675 shares (5)	2,577,000	2,577,000
Reserve	33,000,000	33,000,000
Undivided profits	6,405,000	3,764,000
	41,982,000	39,341,000
	$767,717,000	$696,286,000

CONSOLIDATED STATEMENT OF UNDIVIDED PROFITS FOR THE YEAR ENDED DECEMBER 31, 1975

	1975	1974
Balance at beginning of year	$ 3,764,000	$ 3,098,000
Net income	4,445,000	2,727,000
	8,209,000	5,825,000
Dividends	1,804,000	2,061,000
Balance at end of year	$ 6,405,000	$ 3,764,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1975

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company include the accounts of the Company and its subsidiaries, all of which are wholly-owned. The principal subsidiaries are The Acadia Trust Company, Montreal Trust Mortgage Corporation, Riveredge Village Inc., Treal Properties Limited and Treaver Properties Limited.

The investment in associated companies is stated at cost and earnings of associated companies are taken into income only to the extent of dividends received. These companies and the Company's interest therein at December 31, 1975 were: RoyNat Limited (13.5%), RoyWest Banking Corporation (7.5%), Insmor Holdings Limited (7.14%), Montreal Trust (Bermuda) Limited (40%), Montrad Limited (50%), Alberti Navigation Inc. (10%), and Pacific International Trust Company (12.5%).

All revenue and expenses are recorded on an accrual basis except for fees subject to awards by courts or negotiation, which are recorded on a cash received basis. Debt securities and mortgages are valued at amortized cost, other securities are valued at cost. Gains or losses on sale of securities, based on average cost, are reflected in net income. Premises and equipment are stated at cost less accumulated depreciation and amortization. There were no changes in accounting principles from the prior year.

Assets held under administration and assets held for Guaranteed Trust Accounts are kept separate from the Company's own assets and are so earmarked on the books of the Company as to show the account to which they belong. Assets under administration are not reflected in the Consolidated Balance Sheet.

2. OTHER EXPENSE

Other expense includes depreciation and amortization of $972,000 (1974—$900,000) and interest on the long-term debt of a subsidiary $463,000 (1974—$471,000).

3. MARKETABLE SECURITIES

	1975		1974	
	Cost	Market	Cost	Market
Guaranteed Trust Accounts—				
Government of Canada	$ 15,900,000	$ 14,494,000	$18,020,000	$17,021,000
Provinces of Canada	10,815,000	10,255,000	8,576,000	8,060,000
Canadian municipalities	1,792,000	1,763,000	1,991,000	1,958,000
Corporate bonds, debentures and obligations*	89,788,000	88,885,000	64,420,000	63,194,000
Stocks	1,967,000	1,952,000	—	—
	$120,262,000	$117,349,000	$93,007,000	$90,233,000

*Corporate bonds, debentures and obligations include in 1975 $2,759,000 being part ownership of aircraft leased to Air Canada, net of a liability of $2,625,000 which is secured by a mortgage on an aircraft and the related lease payments.

Company Accounts—				
Government of Canada	$ 136,000	$ 116,000	$ 136,000	$ 120,000
Provinces of Canada	521,000	456,000	521,000	462,000
Corporate bonds, debentures and obligations	31,000	24,000	31,000	25,000
Stocks	12,340,000	11,469,000	11,619,000	10,072,000
	$ 13,028,000	$ 12,065,000	$12,307,000	$10,679,000

4. LONG-TERM DEBT

Treal Properties Limited, a subsidiary company, has outstanding 5½% first mortgage sinking fund bonds due April 1, 1991. Office buildings in Toronto and Ottawa owned by the subsidiary and occupied by the Company, with a net book value of $8,825,000 are pledged as security for the bonds. Sinking fund payments, ranging from $200,000 to $250,000 are due in 1976 to 1990 and the balance of $5,000,000 is due April 1, 1991. The buildings are being depreciated by annual amounts equal to the sinking fund payments, which by April 1, 1990 will amount to 50% of the original cost.

5. CAPITAL STOCK

Options have been granted to certain employees to purchase shares of the Company at prices ranging from $11.25 to $18.00 per share. In 1975 no options were granted or exercised and there were 21,375 shares under option at December 31, 1975.

AUDITORS' REPORT

To the Shareholders,
Montreal Trust Company.

We have examined the consolidated balance sheet of Montreal Trust Company and its subsidiaries as at December 31, 1975 and the consolidated statements of income and undivided profits for the year then ended, and have obtained all the information and explanations we have required. Our examination of the financial statements of Montreal Trust Company and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1975 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE ROSS & CO.
Chartered Accountants
Montreal, Quebec, January 28, 1976.

COMMENTARY

Mortgages

Commitments issued for investor clients and Guaranteed Trust Accounts approximated $192 million, an increase of some 21.2% over our 1974 total. Single family residential loans again accounted for more than 90% of mortgage investments made for Guaranteed Trust Accounts.

In June we established an Income Property Loan Division to specialize in the production and marketing of mortgages on income-producing real estate throughout the country. Its performance to date has been gratifying, with a substantial volume of loans committed on a wide range of investment properties. Most commitments were in the $1 million area with the largest single loan arranged for an investor client amounting to 20 million dollars.

In October we introduced one and two-year term residential mortgages. Public acceptance to date clearly indicates the need for this type of home financing.

Mortgages under our administration now exceed $1.5 billion. Our mortgage lending in 1976 is expected to exceed that of 1975; however, the outcome will depend largely on economic conditions prevailing throughout the year.

Real Estate Sales

In 1975, real estate sales commissions reached $11,183,000, a new high for the Company, and a 12.7% increase over the preceding year. This reflects a substantial increase in gross real estate sales volume and was achieved in spite of a gradual slowing down in the real estate market.

We continued our expansion with the acquisition by purchase of 3 fully staffed offices. These, together with the projected opening of 2 additional offices, will bring the total sales offices to 48, and are expected to add substantially to commissions earned. Our offices employed approximately 600 sales personnel at year-end. The real estate branch structure will continue under review to ensure that each office is capable of producing meaningful profits.

Our Home Relocation service for corporate clients was restructured to produce a more comprehensive service, and we now act for more than 75 corporations.

Guaranteed Trust Accounts

Deposit growth in over-the-counter Savings was at a satisfactory level in the past year, and there was substantial growth in the guaranteed section of our Retirement Savings Plan. Late in 1975 we undertook investment in one and two year mortgages, a new and appropriate utilization of deposit funds.

Growth in Investment Certificates again was substantial. The number of certificate holders grew by 5,200 to 39,800 and the number of certificates outstanding increased by 9,300 to 64,200. Five-year Certificates continued to be our principal area of growth, with the number of such certificates increasing by 12,100 to 52,100.

Corporate Services

The Corporate Trust Department was active in 1975 owing to numerous appointments as trustee of new debt issues. For the first time these appointments included foreign financing which has been actively pursued in consequence of favourable amendments to the non-resident tax provisions of the Income Tax Act. At the year-end the principal amount of debt issues under administration reached the eight billion dollar mark.

COMMENTARY
(continued)

The revenues of Stock Transfer improved substantially over 1974 as a result of increased demands for special services. Nonetheless, the overall growth of the department continued to be hampered by the lighter stock trading activity experienced during the past few years. It is not anticipated that this trend will change materially in 1976.

Personal Trust Services

Fee and Commission income, as well as assets under administration, for Estate, Trust and Agency services continued to show steady growth. At the same time, the cost of providing services in this people-intensive area of operations continued to rise disproportionately to the increase in income, primarily because of increased salaries and benefits. Studies are currently underway to develop new administrative methods in order to contain costs and increase productivity.

The development of new business has been vigorously pursued, with very active competition both from sources outside of the trust industry as well as from the industry itself. The incidence of changes in general law and tax statutes, as well as government rulings and regulations, continue to add to our costs.

In our continuing efforts to provide a consistently high standard of performance for our clients, extensive educational and training programs for all levels of trust personnel were introduced.

Funds

The Montreal Trust Registered Retirement Savings Plan grew by approximately 20% over the year to a total market value in excess of $120,000,000. Growth of the Montreal Trust Mortgage Fund was also encouraging, with the market value of that Fund more than doubling to $15.5 million.

In March 1975, our Registered Home Ownership Savings Plan was introduced and deposits from this source reached established objectives. A new computer program was developed to handle the record-keeping which is required for such plans.

Demand for our Deferred Profit Sharing Plan continues to be strong and we anticipate further improvement in 1976. Again this year, the Montreal Trust Investment Plan experienced little growth as investor clients continued to favour fixed income tax-sheltered vehicles.

Pensions

We have continued to build our client contact resources and to improve both the quality and scope of our service to Pension and Benefit Fund clients. This has enabled us to achieve a very satisfactory level of client servicing and has also resulted in a net gain in assets under administration, which now total approximately $1.5 billion.

In all our services to clients, heavy emphasis is being placed on personal communication and on the development of policies and procedures designed to meet the specific needs of each client. Through the facilities of the Management Science Division of the Investment Department we have extended our Funds Evaluation services to include the development of investment objectives which reflect the needs of each particular fund and facilities to monitor and analyze progress towards these objectives.

At the beginning of 1975 revised fee scales were put into effect for all full management accounts, and our growth in income from both investment management and fund administration was sufficient to offset a significant increase in operating expense. Continuation of this growth is expected in 1976.

COMMENTARY
(continued)

Branch Operations and Marketing

During 1975 all branches increased their contribution to our corporate growth through production of new business while at the same time exercising stringent control of expense. Most of the new business objectives we had set for 1975 were achieved.

Management changes were made in six branches, with the appointment of D. C. M. Field at Victoria, R. D. Quart at Vancouver, R. L. Schmidt at Calgary, N. C. Raymond at Edmonton, A. Scipio del Campo at Sudbury and Ronald Bond as Assistant Vice-President and Manager, Toronto.

The planned relocation of our Halifax and Winnipeg branches was completed in the first half of 1975. Expenditures associated with relocating these two major branches were $600,000.

Fundservice division was merged into Toronto branch in order to obtain greater operating efficiency and control. Fundservice is dependent on mutual fund activity and in 1975 activity in this area remained at a low level. Systems and programs are currently being appraised to ensure continued leadership in pooled-fund record-keeping. In the forthcoming year, expansion will be emphasized through concentrated marketing efforts for its Groupservice and Capital Accumulation Plan services.

The responsibility for all residential mortgage loan production was moved to the branch operations. This change enables the branches to respond more effectively to lending requirements in each separate area.

The cross-selling programs initiated in 1974 were expanded in 1975 and continue to produce encouraging results. A concerted effort was made to better organize our activities aimed at acquiring new corporate business. While the development of corporate business is a long-term proposition, results thus far have been encouraging. In order to improve our ability to monitor our business development activities a new reporting and objective-setting system has been established.

Data Processing

During 1975, work on the systems servicing our Pension and Personal Trust clients entered the design stage. These systems utilize a major part of our data processing capacity and our objective is a substantial improvement in the information we can make available to our clients. An analysis of the system servicing our Stock Transfer operation has been undertaken.

Changes were made to our computer configuration which provided increased capacity with only a moderate increase in cost. Work in connection with our Registered Retirement Savings Plans, which had been utilizing an outside facility, is now being done on our own computer with a material saving in cost.

Personnel Services

Continued inflationary pressures in 1975 required constant attention to our salary program and accelerated wage adjustments.

The implementation of government wage controls in October has necessarily brought about a revised approach to salary administration and a new program had to be developed for the ensuing year.

Continuing changes in human rights and other social legislation in many provinces have made the review of our benefit programs an ongoing project, and a number of modifications were studied and subsequently implemented in order to update and improve our package of fringe benefits.

10 YEAR SUMMARY

YEAR	GUARANTEED AND COMPANY ASSETS	REVENUE	EXPENSE	TAXES ON INCOME	NET OPERATING INCOME	PER SHARE NET OPERATING INCOME	PER SHARE *DIVIDENDS
1975	$767,717,000	$46,292,000	$38,852,000	$3,183,000	$4,257,000	$1.65	$ .70
1974	696,286,000	39,314,000	35,084,000	1,766,000	2,464,000	.96	.80
1973	627,441,000	37,551,000	29,832,000	3,519,000	4,200,000	1.64	.80
1972	593,222,000	33,913,000	25,479,000	3,860,000	4,574,000	1.82	.80
1971	545,298,000	30,991,000	23,320,000	4,000,000	3,671,000	1.50	.70
1970	509,682,000	25,624,000	22,569,000	1,435,000	1,620,000	.66	.55
1969	495,578,000	25,370,000	21,326,000	2,175,000	1,869,000	.76	.60
1968	450,144,000	21,950,000	19,247,000	1,147,000	1,556,000	.67	.60
1967	414,228,000	20,465,000	16,929,000	1,491,000	2,045,000	.93	.65
1966	414,985,000	19,577,000	15,749,000	1,707,000	2,121,000	.97	.62

*Declared with respect to the year's earnings.

ADVISORY BOARDS January 30, 1976

Brockville, Ont.

*J. R. Anstis
F. E. Case
T. C. Cossitt
G. D. Hale
J. W. Langmuir
T. A. Lindsay

Halifax, N.S.

*A. E. Johnson
S. S. Jacobson
D. A. Mercer
J. W. E. Mingo, Q.C.
W. O. Morrow
G. D. Stanfield

Newfoundland

*F. J. Ryan, Q.C.
David R. Baird
L. M. Brown
Hon. J. C. Crosbie, Q.C.
James J. Greene, Q.C.
D. C. Hunt, Q.C.
G. R. Parsons
C. C. Pratt

Saint John, N.B.

*J. H. Turnbull
J. W. Black
A. D. Case
H. H. Gunter, Q.C.
L. Lockhart
J. A. MacMurray
G. R. Spencer

Truro, N.S.

*C. E. Stanfield
J. G. Glassey
R. L. MacDougall, Q.C.
R. J. MacLennan
G. I. Smith, Q.C.
F. T. Stanfield
W. H. Yeadon

Winnipeg, Man.

*C. E. Atchison
H. Buchwald, Q.C.
R. M. Chipman
F. O. Meighen, Q.C.
L. O. Pollard
C. S. Riley
D. Sprague
A. Sweatman, Q.C.

**Chairman*

OFFICES

HEAD OFFICE
1 Place Ville Marie
Montreal, Quebec

ATLANTIC REGION

HALIFAX, N.S.
R. Ross Pritchard, Vice-President and Branch Manager
Andrew B. Barteaux, Deputy Manager
Hollis and Prince Streets

CHARLOTTETOWN, P.E.I.
Edgar G. Goss, Manager
119 Richmond Street

SAINT JOHN, N.B.
Cedric A. Stokes, Manager
61 King Street

ST. JOHN'S, NFLD.
Edgar N. Ellis, Manager
253 Duckworth Street

TRURO, N.S.
E. Keith Urwin, Manager
798 Prince Street

QUEBEC REGION

MONTREAL
Jean Luc Dutil, Vice-President and Branch Manager
1 Place Ville Marie

Noella Coleman, Manager
Fairview Shopping Centre
Pointe Claire

QUEBEC CITY
Jean-Paul Labbé, Manager
John T. Wilson, Deputy Manager
500 Grande Allée East

Jadis Shopping Centre
Charlesbourg

ONTARIO REGION

TORONTO
Ronald Bond, Assistant Vice-President and Branch Manager
Frank L. Austin, Deputy Manager
15 King Street West

BROCKVILLE
W. Peter Lewis, Manager
4 Court House Avenue

HAMILTON
Albert E. Hetherington, Manager
31 Main Street West

KITCHENER
John F. Visser, Manager
58 King Street East

LONDON
W. Frank O'Connor, Manager
160 Dundas Street

OTTAWA
Hugh R. Williams, Manager
96 Sparks Street

SUDBURY
Andrew Scipio del Campo, Manager
39 Durham Street South

WINDSOR
J. H. Barrie Lennox, Manager
880 Ouellette Street

MID-WEST REGION

WINNIPEG, MAN.
Gordon C. McDonell, Vice-President and Branch Manager
Frank E. Robinson, Deputy Manager
Portage at Notre Dame Avenue

REGINA, SASK.
Morris E. L. Sims, Manager
1908-11th Avenue

SASKATOON, SASK.
R. Eugene B. Griffith, Manager
234-21st Street East

WESTERN REGION

VANCOUVER, B.C.
Robert D. Quart, Manager
E. Wallace Campbell, Deputy Manager
466 Howe Street

Leonard E. Pitt, Manager
Oakridge Shopping Centre

CALGARY, ALTA.
Robert L. Schmidt, Manager
411-8th Avenue South West

EDMONTON, ALTA.
Norman C. Raymond, Manager
10185-102nd Street

Southgate Shopping Centre

KELOWNA, B.C.
Clarence A. Irish, Manager
262 Bernard Avenue

VICTORIA, B.C.
D. C. Michael Field, Manager
1057 Fort Street

OVERSEAS

HAMILTON, BERMUDA
Montreal Trust (Bermuda) Limited
W. T. Wilson, President

NASSAU, BAHAMAS
Montreal Trust Company (Bahamas) Limited
Donald R. Kester, President

REAL ESTATE OFFICES
(including those located at branch or savings offices)

Brockville • Burlington • Calgary (3)
Edmonton (4) • Halifax • Hamilton
Kelowna • London • Montreal (11)
Ottawa • Quebec (3) • Regina
Saint John, N.B. • St. John's, Nfld.
Saskatoon • Sherbrooke • Sudbury
Toronto (5) • Vancouver (5) • Victoria (2)
Windsor • Winnipeg

Montreal Trust

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